

August 2000



ND Wheat Field  
Photo by Dawn Charging  
ND Tourism

# North Dakota REV-E-NEWS

**From Rod Backman, Director  
Office of Management and Budget  
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

Our recently completed Preliminary Revenue Forecast projects revenues for the 2001-03 biennium to be \$1.66 billion, an increase of \$110 million over the final 1999-01 legislative forecast. This reflects overall revenue growth of 2.5 percent per year.

The forecast also increases revenue projections for the current biennium by \$31 million over the legislative forecast. Based on the current revenue estimates, the projected ending balance for the 1999-01 biennium is \$60 million.

Individual income tax collections are projected to grow the most in the next biennium, providing an additional \$63 million in revenue. Revenue from oil taxes increased by \$22

million.

Although this revenue growth is very positive, some of the obligations that will consume much of this revenue include the following: clerks of courts becoming state employees will cost \$10 million, disaster costs from previous and current years will cost \$34 million, health insurance premiums are projected to increase \$9 million, or more. The cost of maintaining base salaries from the prior biennium will be \$9 million, and implementation of the statewide technology initiative is projected to cost \$20 million. In addition we will have increased costs for school foundation aid and nursing homes. The preliminary revenue forecast can be found on page 4 of this newsletter.

## Revenue Variances

Sales tax collections fell below forecast in July by \$2.6 million or 8.9 percent. Biennium-to-date collections are now \$4.4 million or 1.3 percent behind projections.

Motor vehicle excise tax collections also fell in July, trailing projections by \$415,210 or 9.4 percent. Biennium-to-date collections are now \$3.3 million or 5.9 percent ahead of projections.

Individual income tax collections exceeded projections by \$3.0 million or 18.5 percent as a result of strong withholdings and estimated payments. Biennium-to-date collections are \$12 million or 5.9 percent ahead of projections.

Corporate income tax collec-

tions lagged behind projections by \$328,967 or 16.2 percent. Although we thought the shortfall in corporate income tax collections would have been recovered by now, biennium-to-date collections are still \$6.4 million behind forecast. The preliminary revenue forecast for the 2001-03 biennium reflects this downturn and reduces corporate income tax collections by \$5.6 million.

Oil and gas production tax collections exceeded projections by \$1.8 million in July while oil extraction tax collections exceeded projections by \$801,003. Combined collections for the two oil taxes are now \$18.9 million over biennium-to-date projections.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1999-01 BIENNIUM**  
**JULY 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 29,010,000.00	\$ 26,423,101.68	(2,586,898.32)	-8.9%	\$ 330,958,500.00	\$ 326,584,149.04	(4,374,350.96)	-1.3%
Motor Vehicle Excise Tax	4,405,000.00	3,989,789.96	(415,210.04)	-9.4%	55,986,400.00	59,261,747.74	3,275,347.74	5.9%
Individual Income Tax	16,356,000.00	19,375,911.89	3,019,911.89	18.5%	204,471,520.00	216,477,236.39	12,005,716.39	5.9%
Corporate Income Tax	2,033,000.00	1,704,033.07	(328,966.93)	-16.2%	55,675,000.00	49,232,034.45	(6,442,965.55)	-11.6%
Insurance Premium Tax		(490.00)	(490.00)	100.0%	17,760,000.00	19,294,459.99	1,534,459.99	8.6%
Financial Institutions Tax	32,000.00	229.00	(31,771.00)	-99.3%	2,640,000.00	2,382,440.16	(257,559.84)	-9.8%
Oil & Gas Production Tax	909,000.00	2,693,658.73	1,784,658.73	196.3%	11,788,000.00	23,756,658.07	11,968,658.07	101.5%
Gaming Tax	869,000.00	743,312.92	(125,687.08)	-14.5%	12,525,000.00	13,919,959.22	1,394,959.22	11.1%
Interest Income	175,000.00	368,048.76	193,048.76	110.3%	7,827,000.00	9,661,994.73	1,834,994.73	23.4%
Oil Extraction Tax	552,000.00	1,353,002.90	801,002.90	145.1%	7,173,000.00	14,066,573.32	6,893,573.32	96.1%
Cigarette and Tobacco Tax	1,886,000.00	1,801,640.82	(84,359.18)	-4.5%	23,498,000.00	23,143,374.41	(354,625.59)	-1.5%
Departmental Collections	1,000,000.00	817,079.05	(182,920.95)	-18.3%	20,860,000.00	22,065,420.84	1,205,420.84	5.8%
Wholesale Liquor Tax		1,262.60	1,262.60	100.0%	5,194,863.00	5,431,785.34	236,922.34	4.6%
Coal Severance Tax	898,000.00	864,706.59	(33,293.41)	-3.7%	12,177,000.00	12,071,165.64	(105,834.36)	-0.9%
Coal Conversion Tax	1,036,000.00	999,019.54	(36,980.46)	-3.6%	13,268,000.00	13,489,756.87	221,756.87	1.7%
Mineral Leasing Fees	199,760.00	434,646.64	234,886.64	117.6%	2,718,320.00	4,001,571.05	1,283,251.05	47.2%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer	172,576.00	172,576.00		0.0%	862,880.00	862,880.00	0.00	0.0%
Other Transfers					1,700,000.00	1,858,651.23	158,651.23	9.3%
<b>Total Revenues and Transfers</b>	<b>59,533,336.00</b>	<b>61,741,530.15</b>	<b>2,208,194.15</b>	<b>3.6%</b>	<b>802,083,483.00</b>	<b>832,561,858.49</b>	<b>30,478,375.49</b>	<b>3.8%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES**  
**1999-01 BIENNIUM**  
**JULY, 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	July, 1998	July, 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 25,604,002.09	\$ 26,423,101.68	\$ 819,099.59	3.2%	\$ 297,210,222.88	\$ 326,584,149.04	\$ 29,373,926.16	9.9%
Motor Vehicle Excise Tax	4,392,401.06	3,989,789.96	(402,611.10)	-9.2%	52,371,044.44	59,261,747.74	6,890,703.30	13.2%
Individual Income Tax	18,185,632.19	19,375,911.89	1,190,279.70	6.5%	195,679,348.06	216,477,236.39	20,797,888.33	10.6%
Corporate Income Tax	2,008,991.86	1,704,033.07	(304,958.79)	-15.2%	67,552,016.56	49,232,034.45	(18,319,982.11)	-27.1%
Insurance Premium Tax	(589,451.08)	(490.00)	588,961.08	-99.9%	16,768,122.43	19,294,459.99	2,526,337.56	15.1%
Financial Institutions Tax	743.00	229.00	(514.00)	-69.2%	2,827,068.03	2,382,440.16	(444,627.87)	-15.7%
Oil & Gas Production Tax	1,998,220.53	2,693,658.73	695,438.20	34.8%	17,743,160.21	23,756,658.07	6,013,497.86	33.9%
Gaming Tax	869,134.42	743,312.92	(125,821.50)	-14.5%	12,525,135.40	13,919,959.22	1,394,823.82	11.1%
Interest Income	312,880.39	368,048.76	55,168.37	17.6%	10,385,946.83	9,661,994.73	(723,952.10)	-7.0%
Oil Extraction Tax	992,413.93	1,353,002.90	360,588.97	36.3%	10,365,632.26	14,066,573.32	3,700,941.06	35.7%
Cigarette and Tobacco Tax	2,009,719.30	1,801,640.82	(208,078.48)	-10.4%	24,704,320.98	23,143,374.41	(1,560,946.57)	-6.3%
Departmental Collections	1,189,128.26	817,079.05	(372,049.21)	-31.3%	18,464,471.74	22,065,420.84	3,600,949.10	19.5%
Wholesale Liquor Tax	513,944.73	1,262.60	(512,682.13)	-99.8%	5,797,253.46	5,431,785.34	(365,468.12)	-6.3%
Coal Severance Tax	846,879.37	864,706.59	17,827.22	2.1%	11,912,527.21	12,071,165.64	158,638.43	1.3%
Coal Conversion Tax	914,547.43	999,019.54	84,472.11	9.2%	12,705,170.12	13,489,756.87	784,586.75	6.2%
Mineral Leasing Fees	348,045.20	434,646.64	86,601.44	24.9%	5,119,950.08	4,001,571.05	(1,118,379.03)	-21.8%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	100.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer	141,109.00	172,576.00			705,545.00	862,880.00	157,335.00	22.3%
Other Transfers					25,197,869.95	1,858,651.23	(23,339,218.72)	-92.6%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 59,738,341.68</b>	<b>\$ 61,741,530.15</b>	<b>\$ 1,971,721.47</b>	<b>3.3%</b>	<b>\$ 803,034,805.64</b>	<b>\$ 832,561,858.49</b>	<b>\$ 29,527,052.85</b>	<b>3.7%</b>

# Preliminary Revenue Forecast

REVENUES AND TRANSFERS	1999-01 BIENNium			2001-03 BIENNium	
	1999 Legislative Forecast	99-01 Revised Leg. Forecast	Change	Preliminary Forecast	Change from 1999-01 Legislative Forecast
Sales and Use Tax	\$ 638,197,500	\$ 631,526,047	\$ (6,671,453)	\$ 671,240,000	\$ 33,042,500
Motor Vehicle Excise Tax	104,194,400	106,250,958	2,056,558	106,341,000	2,146,600
Individual Income Tax	382,212,520	398,814,324	16,601,804	445,743,000	63,530,480
Corporate Income Tax	108,223,000	94,041,001	(14,181,999)	102,596,000	(5,627,000)
Business Privilege/Financial Inst. Tax	5,162,000	4,782,211	(379,789)	4,800,000	(362,000)
Oil & Gas Production Tax	22,817,000	38,477,606	15,660,606	36,218,000	13,401,000
Oil Extraction Tax	13,885,000	23,522,394	9,637,394	22,429,000	8,544,000
Cigarette and Tobacco Tax	42,544,000	41,898,734	(645,266)	39,178,000	(3,366,000)
Coal Severance Tax	22,346,000	22,723,459	377,459	22,703,000	357,000
Coal Conversion Tax	24,555,000	24,911,737	356,737	25,249,000	694,000
Insurance Premium Tax	35,830,000	36,347,621	517,621	37,114,000	1,284,000
Wholesale Liquor Tax	10,388,473	10,519,774	131,301	10,054,383	(334,090)
Gaming	22,685,000	24,176,646	1,491,646	20,939,000	(1,746,000)
Departmental Collections	39,102,394	40,490,736	1,388,342	36,108,199	(2,994,195)
Interest	15,300,200	18,045,946	2,745,746	17,301,000	2,000,800
Mineral Leasing Fees	4,915,680	6,423,223	1,507,543	4,875,000	(40,680)
Bank of North Dakota Profits - Transfer	50,000,000	50,000,000	-	50,000,000	-
State Mill Profits - Transfer	3,000,000	3,000,000	-	6,000,000	3,000,000
Gas Tax Administration - Transfer	1,380,608	1,380,608	-	1,380,608	-
Other Transfers	6,850,000	7,206,365	356,365	3,400,000	(3,450,000)
<b>Total Revenue and Transfers</b>	<b>\$ 1,553,588,775</b>	<b>\$ 1,584,539,390</b>	<b>\$ 30,950,615</b>	<b>\$ 1,663,669,190</b>	<b>\$ 110,080,415</b>

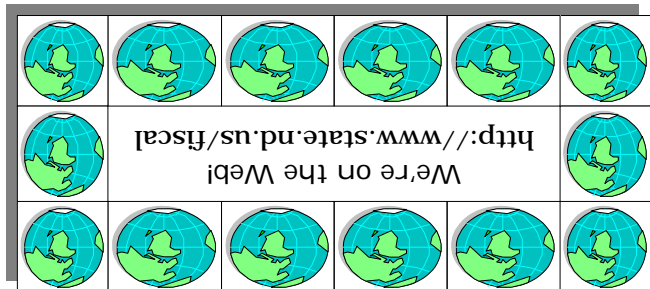
1. 1999-01 Other Transfers Include:

Land and Minerals Trust Fund	\$ 3,000,000
PERS Life Insurance	1,500,000
Financial Inst. Reg. Fund	\$ 200,000
Developmental Dis. Loan Sale	2,150,000
	<u>\$ 6,850,000</u>

2. NDCC 57-51.107.2 provides that all oil and gas tax revenues exceeding \$62 million be deposited in a permanent oil tax trust fund. This forecast assumes \$6.8 million would be deposited into that trust fund.

2001-03 Other Transfers Include:

Land and Minerals Trust Fund	<u>\$ 3,400,000</u>
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Office of Management and Budget  
600 East Blvd. Ave., Dept 110  
Bismarck, ND 58505-0400  
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